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SENATE MEMORIAL 61

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Lynda M. Lovejoy

A MEMORIAL

REQUESTING TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION TO
SUBMIT ITS NEXT PROPOSED RATE INCREASES TO THE PUBLIC
REGULATION COMMISSION TO CONDUCT A PUBLIC EVIDENTIARY HEARING
REGARDING THE REASONABLENESS OF ITS PROPOSED INCREASED RATES.

WHEREAS, twelve New Mexico rural electric distribution
cooperatives are members or customers of tri-state generation
and transmission association; and

WHEREAS, the public regulation commission has statutory
authority to review rates of rural electric distribution
cooperatives upon a showing of reasonable cause; however, the
main factor in rate increases borne by retail customers is the
pass-through of tri-state power costs; and

WHEREAS, rural electric distribution cooperatives have
entered into long-term requirement contracts requiring them to

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1 purchase almost their entire supply of electricity from tri-
2 state, and these contracts collateralize tri-state loans and
3 are routinely extended to mirror the terms of tri-state loans;
4 and

5 WHEREAS, tri-state is not subject to independent cost or
6 rate review by any federal regulatory entity, nor by regulatory
7 entities in the other states in which it operates, and in New
8 Mexico, it is only subject to public regulation commission
9 review in the event that protests are received from three
10 cooperatives, an event that has never occurred; and

11 WHEREAS, there has been continuing concern from many
12 quarters regarding the reasonableness of the rates charged by
13 tri-state as well as the environmental consequences of tri-
14 state's excessive reliance on conventional coal-fired
15 generation of electricity; and

16 WHEREAS, tri-state prepares and presents budgets and cost-
17 of-service studies, but in the absence of independent and
18 critical review, such management presentations are insufficient
19 to demonstrate that tri-state's costs, rates and resource plans
20 are just and reasonable; and

21 WHEREAS, objective and public oversight can best be
22 accomplished by a public regulation commission review of tri-
23 state's costs and its investment and rate design decisions in
24 an evidentiary proceeding with due process of notice, discovery
25 and cross-examination;

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1 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
2 OF NEW MEXICO that tri-state generation and transmission
3 association submit its most recent rate increase to the public
4 regulation commission in the form of a traditional rate case,
5 providing public notice and allowing interested parties to
6 intervene and participate, including procedures for the
7 conducting of discovery, the pre-filing of sworn expert
8 testimony subject to cross-examination and such other
9 procedural and due process safeguards as the public regulation
10 commission may deem necessary to ensure the residents of this
11 state that electric rates for rural cooperatives are
12 reasonable, and that the generation of such electricity is
13 consistent with the policies of this state to reduce air
14 pollution and carbon emissions and to promote the development
15 and use of renewable sources of electricity; and

16 BE IT FURTHER RESOLVED that the findings and conclusions
17 of the public regulation commission should not be binding on
18 tri-state, but the commission and tri-state should jointly
19 report the findings from any such hearing to the appropriate
20 committees of the legislature; and

21 BE IT FURTHER RESOLVED that copies of this memorial be
22 transmitted to the chair of the public regulation commission,
23 to the tri-state generation and transmission association and to
24 each of the New Mexico rural electric cooperatives served by
25 tri-state.

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